



OFFICE OF COMMUNITY PLANNING
AND DEVELOPMENT

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-7000

MAR 28 2018

Secretary H. Wood Thrasher
West Virginia Department of Commerce
State Capitol Complex
1900 Kanawha Boulevard East
Building 3, Suite 600
Charleston, West Virginia 25305

Dear Secretary Thrasher:

The Department has recently been advised that the State of West Virginia has suspended its Rise West Virginia Recovery Housing Program, funded with Community Development Block Grant disaster recovery (CDBG-DR) funds allocated to the State through grant B-16-DL-54-0001. To date, the Department has allocated a total of \$149.8 million of CDBG-DR funding to the State to address long term recovery from the flooding that struck the State in June 2016.

These CDBG-DR funds are subject to the requirements of three Federal Register Notices published by the Department on November 21, 2016 (81 FR 83254); January 18, 2017 (82 FR 5591); and August 7, 2017 (82 FR 36812). Under the subject Notices, each grantee is required to primarily address its unmet housing recovery needs. The Notices also authorize grantees to allocate CDBG-DR funds for economic revitalization or infrastructure activities, but in doing so, the grantee must identify how any remaining unmet housing needs will be addressed or how its economic revitalization and infrastructure activities will contribute to the long-term recovery and restoration of housing.

Prior to the execution of a grant agreement with the State, the Department certified to the proficiency of the State's financial controls and to its capacity to implement the CDBG-DR grant through the State's Department of Commerce. Consistent with the requirements of the above Federal Register Notices, the State's amended Action Plan for disaster recovery as approved by Department allocates grant funds to primarily address unmet housing needs arising from the disaster. The State's suspension of its housing recovery activities, potential uncertainty surrounding the State agency that will ultimately be responsible for administration of the CDBG-DR grant and the prospect of a substantial reallocation of CDBG-DR funds from housing to economic development or infrastructure activities, necessarily raises questions regarding the Department's prior certification of State capacity and the State's implementation of the grant in manner consistent with the requirements of the applicable Federal Register Notices.

To address these concerns, the State must provide HUD with an update on the overall recovery of the State and outline any potential changes that will impact the overall management of the State's \$149.8 million CDBG-DR program. Please submit this information to the HUD Community Planning and Development Field Office in Pittsburgh within 10 days of receipt of this letter.

If you or members of your staff have any questions concerning this matter, please contact John Tolbert, Director, Community Planning and Development, HUD Pittsburgh Field Office, at (412) 644-5846.

Sincerely,

A handwritten signature in blue ink, appearing to read "Shel Gimont". The signature is fluid and cursive, with the first name "Shel" and the last name "Gimont" clearly distinguishable.

Stanley Gimont
Deputy Assistant Secretary
for Grants Programs